

**Kevin P.C.J. D'Souza**

VP Security, Sustainability & Environment



# centerra**GOLD**

## Voluntary Principles on Security & Human Rights

**Ryerson  
University**

24<sup>th</sup> November 2017

Institute for the Study of Corporate Social Responsibility

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# Caution Regarding Forward-Looking Information

Information contained in this presentation which are not statements of historical facts, and the documents incorporated by reference herein, may be “forward-looking information” for the purposes of Canadian securities laws. Such forward-looking information involves risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward looking information. The words “believe”, “expect”, “anticipate”, “contemplate”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule”, “understand” and similar expressions identify forward-looking information. These forward-looking statements relate to, among other things: whether the arrangement to acquire AuRico Metals Inc. (“AMI”) and the related debt financing will be consummated, including whether conditions to the consummation of the proposed transactions will be satisfied, expectations regarding the assets of AMI, including pro forma financial and operational forecasts, and potential improvements to the Kemess property. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Centerra, are inherently subject to significant political, business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward looking information. Factors that could cause actual results or events to differ materially from current expectations include, among other things: (A) the ability to consummate the proposed arrangement to acquire AMI and the related debt financing; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other conditions to the consummation of the proposed arrangement to acquire AMI and the related debt financing on the proposed terms and schedule, and to the extent, anticipated the potential impact of the announcement or consummation of the proposed transactions on relationships, including with regulatory authorities, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; significant competition that Centerra and AMI face; compliance with extensive government regulation; and the diversion of management time on the proposed arrangement to acquire AMI and the related debt financing (B) strategic, legal, planning and other risks, including: political risks associated with the Company’s operations in the Kyrgyz Republic and Canada; risks that any of the conditions precedent to the Strategic Agreement will not be satisfied in a timely manner or at all, particularly as the Government may not bind the General Prosecutor’s Office or the Parliament of the Kyrgyz Republic; a decision by the General Prosecutor’s Office, or its successor the Anti-Corruption Service of the State Committee for National Security, to re-open at any time civil or criminal proceedings against Centerra, its subsidiaries or other stakeholders; the failure of the Government to comply with its continuing obligations under the Strategic Agreement, including the requirement that it comply at all times with its obligations under the Kumtor Project Agreements, allow for the continued operation of the Kumtor Mine by KGC and KOC and not take any expropriatory action; actions by the Government or any state agency or the General Prosecutor’s Office that serve to restrict or otherwise interfere with the payment of funds by KGC and KOC to Centerra; resource nationalism including the management of external stakeholder expectations; the impact of changes in, or to the more aggressive enforcement of, laws, regulations and government practices, including with respect to the environment, in the jurisdictions in which the Company operates including any delays or refusals to grant required permits and licenses, unjustified civil or criminal action against the Company, its affiliates or its current or former employees; risks that community activism may result in increased contributory demands or business interruptions; the impact of any actions taken by the Kyrgyz Republic Government and Parliament relating to the Kumtor Project Agreements which are inconsistent with the rights of Centerra and KGC under the Kumtor Project Agreements; any impact on the purported cancellation of Kumtor’s land use rights at the Kumtor Project; the risks related to other outstanding litigation affecting the Company’s operations in the Kyrgyz Republic and elsewhere; the impact of the delay by relevant government agencies to provide required approvals, expertises and permits; potential impact on the Kumtor Project of investigations by Kyrgyz Republic instrumentalities; the terms pursuant to which the Mongolian Government will participate in, or to take a special royalty rate in, the Gatsuur Project; the impact of constitutional changes in Turkey; the impact of any sanctions imposed by Canada, the United States or other jurisdictions against various Russian individuals and entities; the ability of the Company to successfully negotiate agreements for the development of the Gatsuur Project; potential defects of title in the Company’s properties that are not known as of the date hereof; the inability of the Company and its subsidiaries to enforce their legal rights in certain circumstances; the presence of a significant shareholder that is a state-owned company of the Kyrgyz Republic; risks related to anti-corruption legislation; risks related to the concentration of assets in Central Asia; Centerra’s future exploration and development activities not being successful; Centerra not being able to replace mineral reserves; Aboriginal claims and consultative issues relating to the Company’s properties which are in proximity to Aboriginal communities; and potential risks related to kidnapping or acts of terrorism; (C) risks relating to financial matters, including: sensitivity of the Company’s business to the volatility of gold, copper and other mineral prices, the use of provisionally-priced sales contracts for production at Mount Milligan, reliance on a few key customers for the gold-copper concentrate at Mount Milligan, use of commodity derivatives, the imprecision of the Company’s mineral reserves and resources estimates and the assumptions they rely on, the accuracy of the Company’s production and cost estimates, the impact of restrictive covenants in the Company’s credit facilities which may, among other things, restrict the Company from pursuing certain business activities or making distributions from its subsidiaries, the Company’s ability to obtain future financing, the impact of global financial conditions, the impact of currency fluctuations, the effect of market conditions on the Company’s short-term investments, the Company’s ability to make payments including any payments of principal and interest on the Company’s debt facilities depends on the cash flow of its subsidiaries; and (D) risks related to operational matters and geotechnical issues and the Company’s continued ability to successfully manage such matters, including the movement of the Davidov Glacier, waste and ice movement and continued performance of the buttress at the Kumtor Project; the occurrence of further ground movements at the Kumtor Project and mechanical availability; the ability of the Company to successfully ramp-up to design criteria of the secondary crusher at Mount Milligan; the success of the Company’s future exploration and development activities, including the financial and political risks inherent in carrying out exploration activities; inherent risks associated with the use of sodium cyanide in the mining operations; the adequacy of the Company’s insurance to mitigate operational risks; mechanical breakdowns; the Company’s ability to replace its mineral reserves; the occurrence of any labour unrest or disturbance and the ability of the Company to successfully re-negotiate collective agreements when required; the risk that Centerra’s workforce may be exposed to widespread epidemic; seismic activity in the vicinity of the Company’s properties; long lead times required for equipment and supplies given the remote location of some of the Company’s operating properties; reliance on a limited number of suppliers for certain consumables, equipment and components; illegal mining on the Company’s Mongolian properties; the Company’s ability to accurately predict decommissioning and reclamation costs; the Company’s ability to attract and retain qualified personnel; competition for mineral acquisition opportunities; and risks associated with the conduct of joint ventures/partnerships; the Company’s ability to manage its projects effectively and to mitigate the potential lack of availability of contractors, budget and timing overruns and project resources. See section titled “Risks that can affect our business” in Centerra’s 2016 Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).

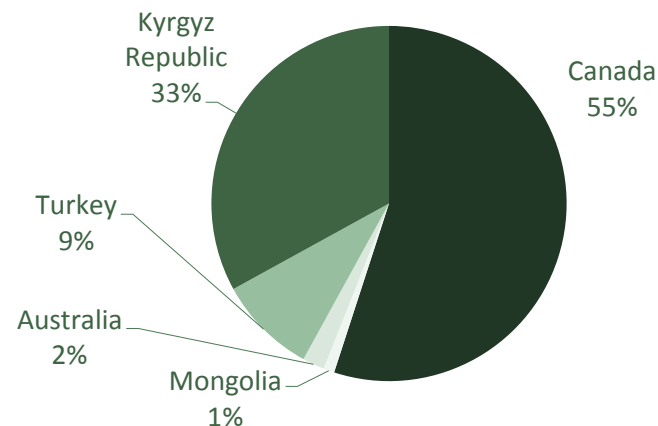
Furthermore, market price fluctuations in gold and copper, as well as increased capital or production costs or reduced recovery rates may render ore reserves containing lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. Economic and technological factors which may change over time always influence the evaluation of reserves or resources. Centerra has not adjusted mineral resource figures in consideration of these risks and, therefore, Centerra can give no assurances that any mineral resource estimate will ultimately be reclassified as proven and probable reserves. There can be no assurances that forward-looking information will prove to be accurate, as many factors and future events, both known and unknown could cause actual results, performance or achievements to vary or differ materially, from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained herein or incorporated by reference. Accordingly, all such factors should be considered carefully when making decisions with respect to Centerra, and prospective investors should not place undue reliance on forward looking information. Forward-looking information is as of November 7, 2017. Centerra assumes no obligation to update or revise forward looking information to reflect changes in assumptions, changes in circumstances or any other events affecting such forward-looking information, except as required by applicable law. Except as otherwise noted herein, Gordon Reid, Professional Engineer and Centerra’s Vice President and Chief Operating Officer, has reviewed and approved the scientific and technical information contained in this presentation. Mr. Reid is a Qualified Person within the meaning of NI 43-101. For more information, please refer to the properties technical reports, which are available on SEDAR. All figures are in United States dollars unless otherwise stated.

### Corporate Highlights

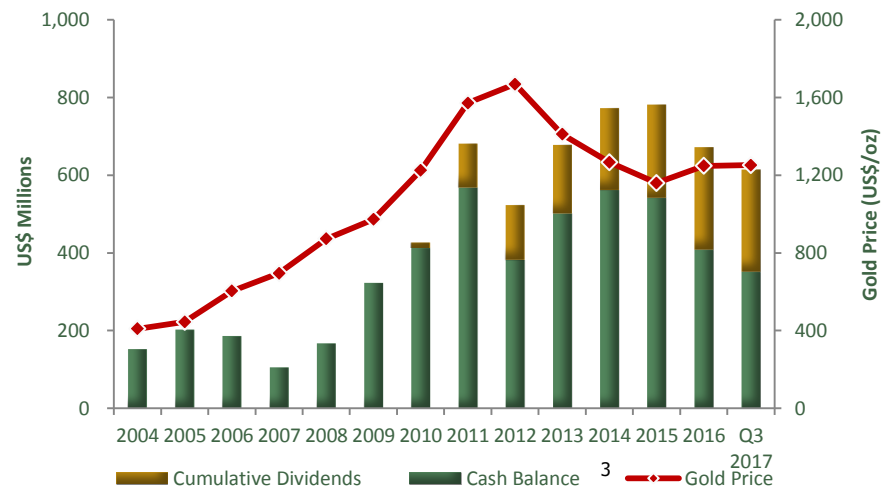
✓	Internationally Diversified Gold Producer
✓	Two Cornerstone Lower-Cost Quartile Assets
✓	Gold Production up to 815kozpa gold at AISC <sup>1</sup> of \$705 to \$741 per ounce and ~60M lbs of copper
✓	Entered into a friendly acquisition of AuRico Metals; de-risked brownfield project and a high quality free-cash flow generating royalty portfolio <sup>2</sup>
✓	Significant Operational Cash Flow Profile
✓	Solid Late-Stage Development Pipeline
✓	Cash <sup>2</sup> Position of US\$352MM <sup>3</sup>
✓	Trading at a Discount to Peers, Potential Re-Rating
✓	Liquidity of US\$802MM <sup>3</sup>
✓	Positive Retained Earnings of US\$936MM <sup>3</sup>

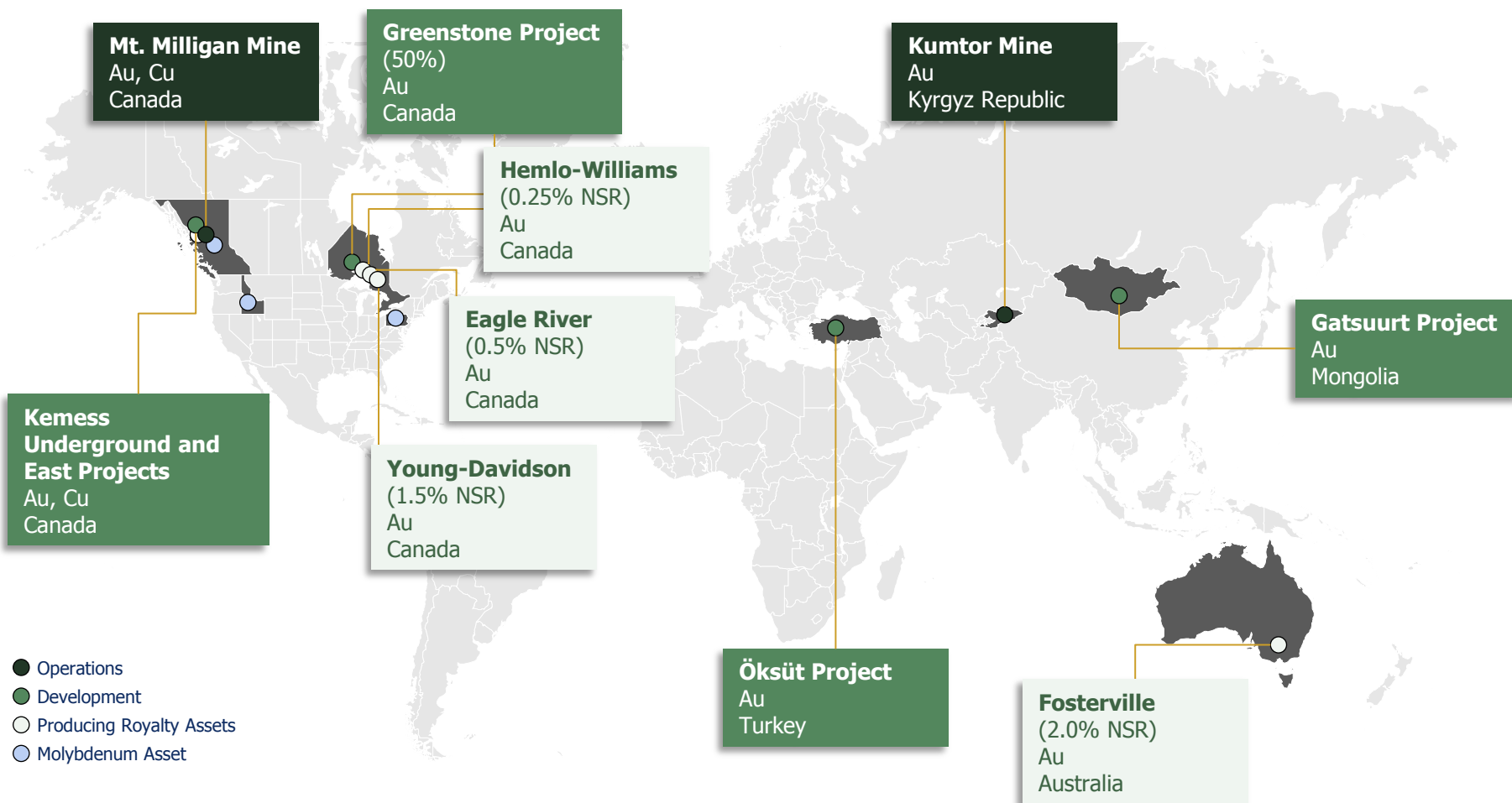
- 2017e AISC: Kumtor \$737 to \$764/oz, Mount Milligan \$483 to \$523/oz. All-in sustaining costs per ounce sold is a non-GAAP measures and is discussed under "Non-GAAP Measures" in the Company's MDA & news release October 31, 2017.
- Refer to Company's news release November 7, 2017.
- As at September 30, 2017. Liquidity based on September 30, 2017 balance sheet and new credit facility; excluding AuRico Metals cash balance

### Pro-forma Consensus Asset NAV Breakdown



### Cash Reserves<sup>2</sup> Profile (US\$)







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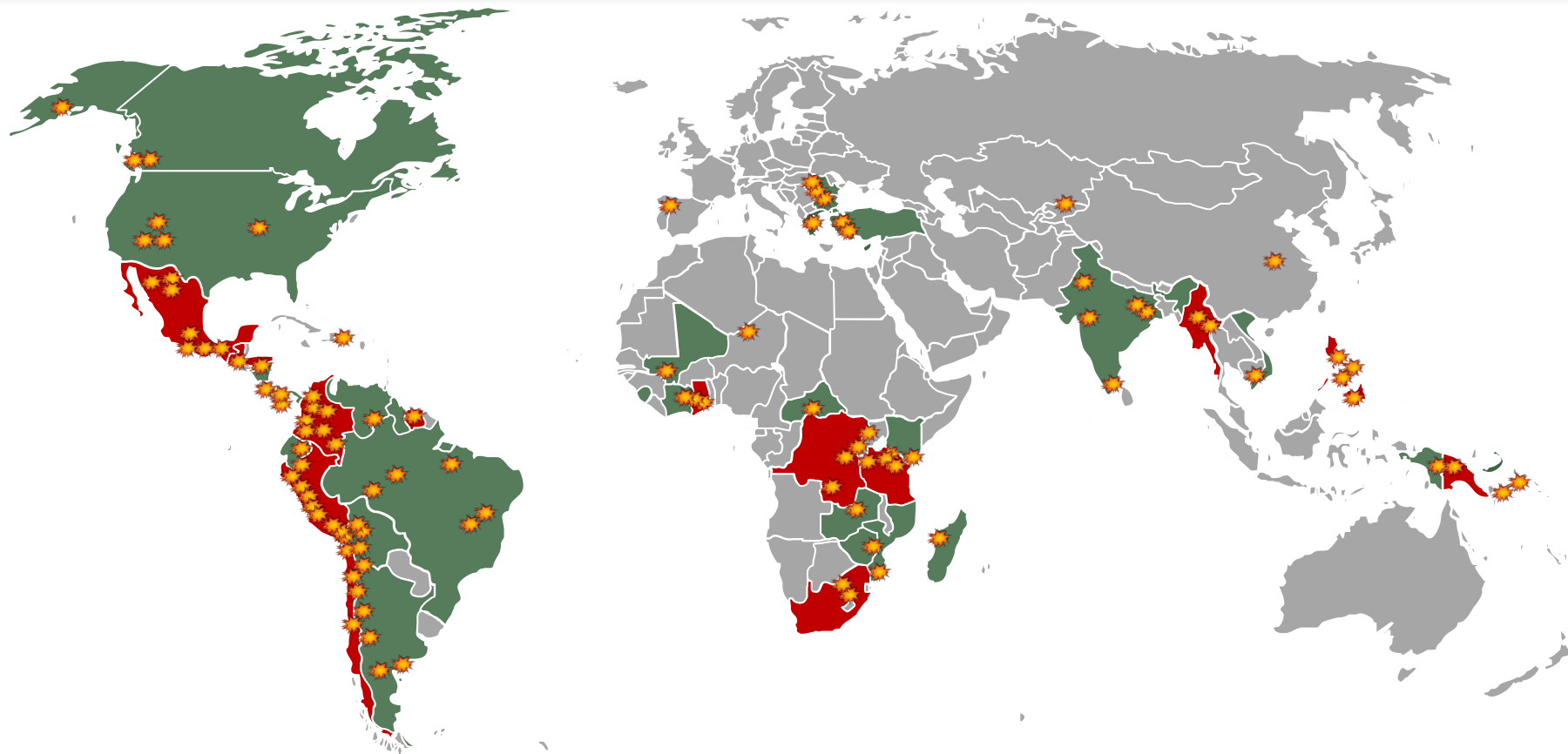
## 2. The Context





# Mining Related Conflicts

Witnessed more than a ten-fold increase in the frequency of conflicts since 2000



## STRUCTURAL FACTORS

- Neoliberal reforms and Structural Adjustment Plans  
Investment in politically risky, under-regulated countries
- Anti-extractivism and cultural friction over mineral resource usage
- A rise in organized protest activity globally related to increasing social instability

## CONTEXTUAL FACTORS

- Ill-designed or poorly implemented mineral development strategies
- Introduction of the formal economy simultaneously with mining
- Weak Government capacity, corruption and lack of transparency
- Poverty and marginalization

## CONFLICT DRIVERS & TRIGGERING FACTORS

- Lack of participation or representation of local communities
- Company socio-environmental responsibility practices
- Asymmetry in the distribution of economic and social benefits and impacts
- Mobilization and transmission of opposition against mining operations
- Inappropriate security measures and interventions

## The Role of Site Security

- Safeguard people, product, assets, and company reputation.
- Identify security threats/vulnerabilities (CARVER) and implement effective controls.
- Manage physical (guard force, perimeter, facility monitoring, etc.) and implement technological security measures.
- Manage access control - screen entry/exit for dangerous or unauthorized material or contraband.
- Implement gold security for critical infrastructure and restricted areas.
- Contain, resolve and report incidents
- Focus on loss prevention
- Ensure appropriate critical incident /crisis/ emergency response.
- Conducts investigations.

## Potential Human Rights Abuses

- Inappropriate use of force to acquire land or evict illegal miners/trespassers
- Harassment of community members, employees or contractors
- Improper searches of person or property
- Acts of torture and cruel, inhuman or degrading treatment
- Killings, rape, kidnap and extortion.
- Infringing on the right to:
  - Participate in lawful and peaceful assembly
  - Exercise freedom of association



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## 3. Operationalizing the VPs





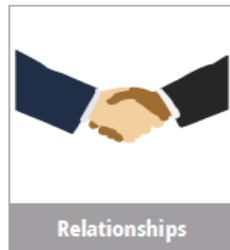
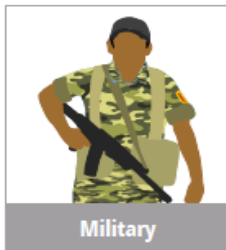
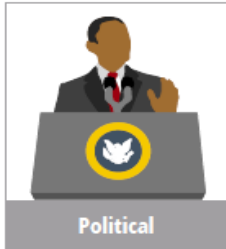
# Why the Voluntary Principles?

- Security is NOT a conflict driver, but at times must **manage/engage with conflict associated issues**.
- Security is essential and difficult but can be carried out with respect for human rights – it is NOT just about **guns, gates and guards** - treating people with dignity and respect is essential.
- The Voluntary Principles (VPs) help Companies align internal security policies and safeguard procedures with **internationally recognized human rights principles** in the provision of security.
- Although host Governments have the **primary role of maintaining law and order**, security and respect for human rights, Companies have an interest in ensuring that actions taken by Government, are consistent with the **protection and promotion of human rights**.
- **Armed offensive responders** have the highest probability of causing an incident and public security forces often have a **tendency to overreact**.
- The VPs are NOT **regulations, laws, international treaties** or **protocols** nor **punitive standards**.
- Compliance/alignment with the VPs also:
  - Is the right thing to do
  - Increases stability in operational areas
  - Positively influences public security
  - Helps intelligence and business knowledge
  - Helps mitigate legal risks
  - Reinforces local “Social Licence”
  - Are a condition precedent for financing
  - Ensures greater stakeholder accountability

# Voluntary Principles: Part I

## Conducting Risk Assessments & Diagnostics

FFP



- Assessment of **actual risks is critical** to the security of personnel/assets, local communities and to the promotion and protection of human rights.
- Timely (and regularly updated) risk assessments should take into account key factors that can potentially pose risks to operations and thus to the security situation:
  - Identify security risks/rule of law and corruption arising from **political, social, cultural or economic** factors.
  - Examine relevant **human rights records** and history by law enforcement and security agencies where in areas of operation.
  - Conduct **conflict analysis** with input from local community leadership and other relevant stakeholders to identify and understand root causes of local conflicts.
  - Assess potential for **violence, rule of law**, responsiveness of **local law enforcement agencies** and ease of **weapons transfer**.
  - Understand **sources of violence** – within our workforce, between Companies and local communities, inter-community, with government or NGOs,
  - Assess how any Company-supplied support will be used and/or **equipment transferred**.

# Voluntary Principles: Part I

## Conducting Risk Assessments & Diagnostics #2

FFP



## Information Sources for Risk Assessments

- Updated and credible information should be assembled from a broad range of perspectives, and this information should be shared among various stakeholders as much as possible.
- Companies should identify security risks/rule of law and corruption arising from political, social, ethnic economic factors using commercial services:
  - Company grievance mechanism*
  - Global Risk Insight, International SOS, Anvil and Control Risks Group, etc*
  - US State Department & FCO*
  - Chatham House & International Institute for Strategy Studies*
  - Human Rights Watch and Amnesty International*
  - News Reports*

Control Risks

RAND  
CORPORATION

International Risk Consultants

GRI

Oxford  
Analytica

verisk  
Maplecroft

ANVIL  
GROUP  
CRISIS AVOIDANCE

blackpeak

International Alert.

INTERNATIONAL  
SOS

PGI  
PROTECTION  
GROUP  
INTERNATIONAL

G4S

IISS

CHATHAM  
HOUSE  
The Royal Institute of  
International Affairs

DEPARTMENT OF STATE  
UNITED STATES OF AMERICA

Foreign &  
Commonwealth  
Office

HUMAN  
RIGHTS  
WATCH

AMNESTY  
INTERNATIONAL

# Voluntary Principles: Part II

## Engaging with Public Security Agencies



FFP



**Competent, Trained,  
and Proportional  
Deployment**



**Appropriate and  
Lawful Transfers  
of Equipment**



**Clean Records  
of Forces Deployed**



**Protocols and Training  
on Appropriate Use  
of Force**



**Freedom of Assembly  
and Association**



**Reporting of Any  
Rights Related  
Incidents**

## Influencing the Deployment & Conduct

- **Must adhere to local laws** and promote the observance of sound law enforcement principles
- **Formulate safeguards** - Sign MoU regarding the deployment and conduct of public security while acting in relation to the Company
- Review **background** records of all security applicants.
- Assess existing **training** on Use of Force (UoF) and Rules of Engagement (RoE).
- Provide human rights and **security training**
- Develop and test security event **response plans**
- Promote host country compliance, accountability, training and education.
- Ensure necessary, proportionate and **responsible use of force** and respect individual rights, including offenders'
- **Monitor investigations**, promote **due process and proper resolution**.
- **Document relationship** including efforts to ensure compliance with MoU, regular meeting notes, breaches of MoU, receipts for support/payments provided

## Lawful Equipment Transfers

- Ensure no oral assurances or undertakings are made with public security agencies and only through **formal authorized 'Letter of Request'**.
- Fully define how Company-supplied support will be used and/or **equipment transfers** to ensure avoidance of abuse and prevent misapprehension or diversions

# Voluntary Principles: Part II

## Engaging with Public Security Agencies #2

FFP



Consultation on  
Security Impacts



Communication of  
Security Policies



Transparency on  
Security Policies



Regular  
Meetings



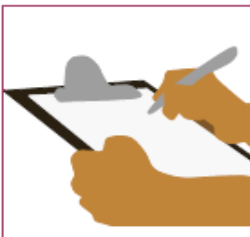
Promote  
Observance of the Law



Promote Training  
on Human Rights



Monitor Use of Any  
Transferred Equipment



Recording  
and Reporting  
Allegations



Monitor Status of Next  
Steps by Authorities

## Security Arrangements

- **Consult with host Government** and local communities about the impact of Company security.
- Communicate **Company standards** on security conduct and human rights to the police and express our desire that their services be provided in a manner consistent with these standards
- Encourage our host Government to **create transparency** regarding public security agency requests and arrangements

## Consultation and Advice

- Conduct regular and **structured meetings** with public security agencies to monitor MoU, discuss security & human rights and to raise issues.
- Promote observance of **international humanitarian law**.
- Consult with **other companies and host governments and civil society**.

## Responding to Allegations of Human Rights Abuses

- Where any human rights-related incidents do occur, companies are expected to **record allegations, report incidents** to the appropriate authorities, and to **monitor the follow-up** of any investigation.
- Further, whenever such incidents may occur, companies are expected to **provide medical aid** to anyone who may require it.



# Voluntary Principles: Part III

## Managing Private Security Providers



- Recognize that we have significantly more **leverage** over the behavior of private security providers.
- Apply the same obligations as Part II and comply with all **Company Security Standards**.
- Draft **contracts** in accordance with VPs and **monitor compliance** (performance indicators/deliverables)
- Set basic expectations for the hiring, operation, and monitoring.
- Perform **due diligence** and close monitoring.
- Review the **background** of security personnel particularly with regard to the use of excessive force.
- When possible, hire security personnel that are representative of **local population**.
- Ensure allegations of human rights abuses are **recorded** and **properly investigated**.
- Be open to monitoring by **local authorities** and maintain the **confidentiality of information**
- Do not engage in activities exclusively the responsibility of state military or law enforcement authorities
- Only be involved in **preventive and defensive acts** and stay out of military and law enforcement activities.
- Whenever physical force is used it should be properly investigated and reported and medical aid should be provided to injured persons, including to offenders.





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## 3. Operational Case Study







# Gatsuurt Project

Illegal Mining Activity

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# Gatsuurt Project

Environmental Damage Caused by Illegal Mining

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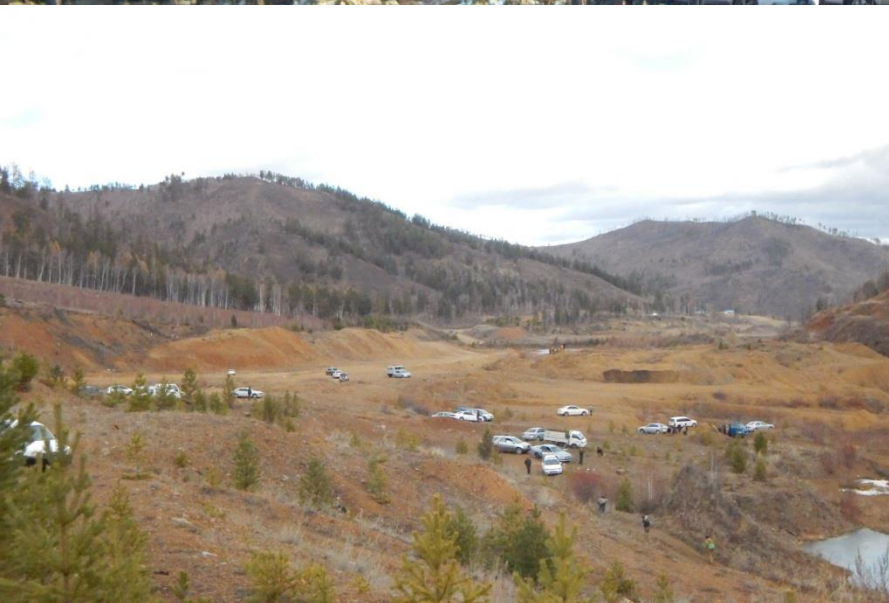
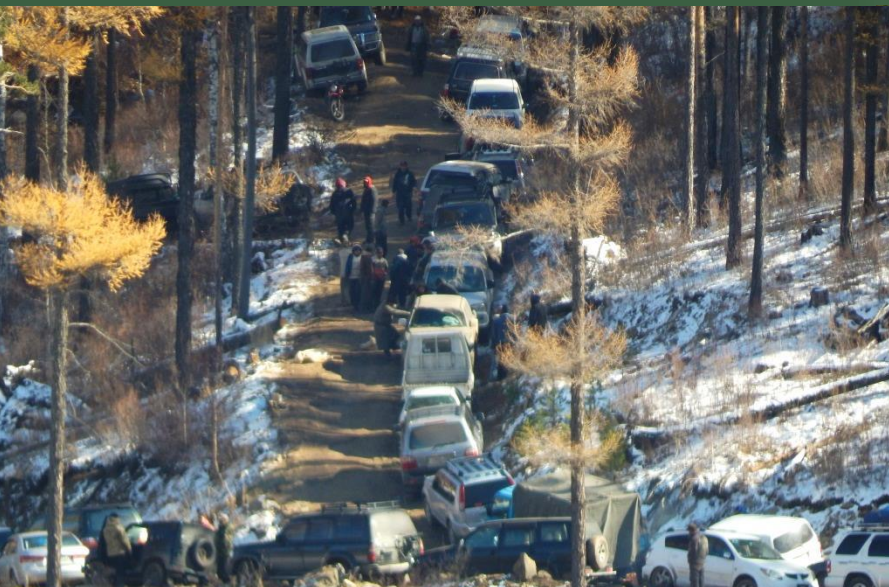






# Gatsuurt Project

Highly Organized Illegal Mining Invasions







# Gatsurt Project

Public Security Interventions

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## Police Deployment Statistics

- Contractual MoU aligned with the VPs
- Detailed UoF and RoE clauses
- More than 25,000 artisanal miners expelled
- ~4,500 vehicles expelled
- 85 operations by Police - involving 654 police officers in overlapped numbers
- Placed 69 calls to Police
- 515 artisanal miners detained by Police







# Gatsuurt Project

Private Security Interventions



- Manpower:
  - Two (2) Security Supervisors
  - Twenty two (22) contracted security officers
  - Nine (9) local security officers
- Organized 9 backfill operations with a total of 311 holes backfilled
- Placed 28 warning board signs
- Organized road blockage operations 14 times in different places



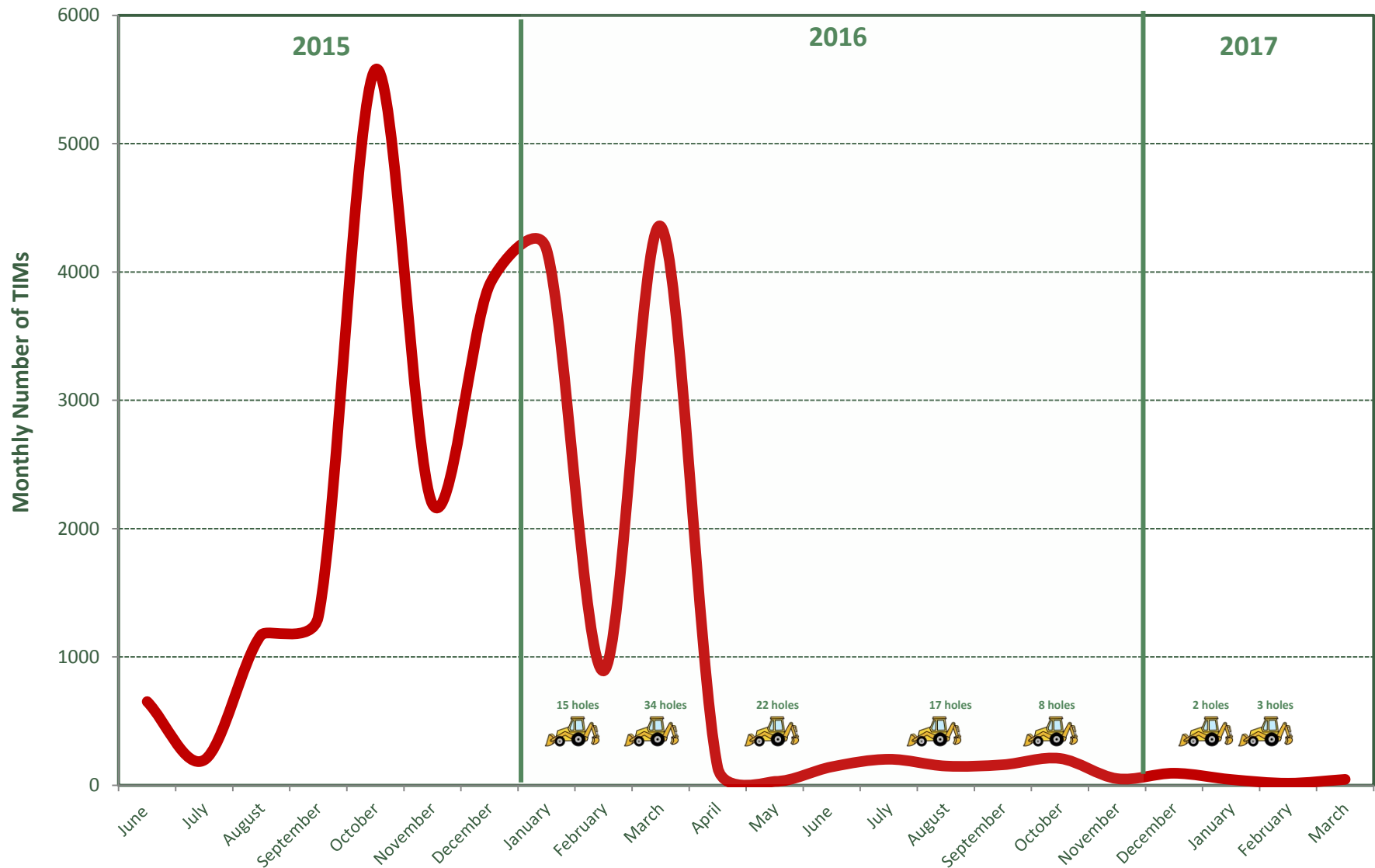




# Gatsuurt Project

Monthly Trespassers & Illegal Miners (TIMs) Statistics

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